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# THE INTERIM

DECEMBER 1998

HELENA, MONTANA

VOL. XI NO. 19

## LEGISLATIVE AUDIT COMMITTEE

Committee Meets in November...The Legislative Audit Committee met November 12 in Room 104 in the Capitol. The following reports were presented.

### FINANCIAL AUDITS

#### Montana Board of Housing, Department of Commerce (98-07)

A financial audit of the Montana Board of Housing was performed for the fiscal year ending June 30, 1998. This report contains the audited financial statements and accompanying notes for fiscal year 1997-98. An unqualified opinion was issued on the financial statements of the Board. The opinion means the reader may rely on the financial statement information presented. This audit report contains no recommendations.

The Montana Board of Housing presented its "Annual Report for Fiscal Year 1997-98" to the Committee. Copies are available from the Montana Board of Housing, 836 Front Street, PO Box 200528, Helena MT, 59620-0528.

#### Guaranteed Student Loan Program, Commissioner of Higher Education (98-06)

A financial audit of the Montana Guaranteed Student Loan Program was performed for the fiscal year ending June 30, 1998. This report contains the audited financial statements and accompanying notes for fiscal year 1997-98. An unqualified opinion was issued on the financial statements. The current report contains no recommendations to the program. The prior report also contained no recommendations.

PLEASE RETURN

**FINANCIAL-COMPLIANCE AUDITS**Montana Health Facility Authority, Department of Commerce (98-29)

A financial-compliance audit of the Montana Health Facility Authority was performed for the two fiscal years ending June 30, 1998. This report contains the audited financial statements and accompanying notes for each of the two fiscal years ending June 30, 1997 and 1998. An unqualified opinion was issued on the Authority's financial statements, and the report contains no recommendations.

Office of the Commissioner of Political Practices (98-22)

This financial-compliance audit report contains the result of an audit of the Office of the Commissioner of Political Practices for the two fiscal years ending June 30, 1998. An unqualified opinion was issued on the financial schedules contained in the audit report. The audit report contains no recommendations directed to the Office of the Commissioner of Political Practices. The prior audit also contained no recommendations.

Board of Public Education (98-23A)

This financial-compliance audit report contains the results of an audit of the Board of Public Education for the two fiscal years ending June 30, 1998. This report contains a disclosure issue regarding the relationship between the Board, the private Montana School for the Deaf and Blind Foundation, Inc., and the School for the Deaf and Blind. The report contains an unqualified opinion on the financial schedules and no recommendations to the Board.

Montana School for the Deaf and Blind (98-23B)

This financial-compliance audit report contains the results of an audit of the Montana School for the Deaf and the Blind for the two fiscal years ending June 30, 1998. An unqualified opinion was issued on the financial schedules contained in the audit report. This report contains one recommendation to improve internal controls over the segregation of duties for document processing in compliance with state policy.

**EDP AUDITS**Public Employees' Retirement Division Computer-Based Applications (98DP-10)

This EDP audit provides information regarding the Public Employees' Retirement System's computer-based applications. Overall, general and application controls provide for controlled application processing. There were three recommendations for improvement, including restricting programmer access to critical files and programs, segregation of responsibilities for refund payouts, and fiduciary responsibility of the Division to locate inactive members with contribution balances.

Banner Human Resource System, The University of Montana - Missoula (98DP-11)

This EDP audit provides information on the University of Montana's Banner Human

Resource System. Overall, the Banner Human Resource System provides accurate processing results. The report contains four recommendations addressing disaster recovery procedures, controls over data input, student employee termination procedures, and authorization for hiring new employees.

## PERFORMANCE AUDIT

### Department of Corrections Intensive Supervision Program) and Pre-Release Centers Program (98P-05 & 98P-07)

This report contains information on community corrections programs. Specifically addressed are the Intensive Supervision Program and the Pre-release Center Program. The audit concluded that these programs are beneficial components of the corrections system. This report outlines suggested improvements to further strengthen these programs. It also provides recommendations regarding other corrections-related programs.

## CONTRACT AUDITS

### Montana State Lottery - Financial Statements (98C-03)

This financial-compliance audit report contains the results of the audit of the Montana State Lottery, Department of Commerce for the fiscal year ending June 30, 1998. The report contains an unqualified opinion on the financial schedules contained in the report. This means the reader may rely on the presented financial information and the supporting data on the Statewide Budgeting and Accounting System. There are no audit recommendations directed to the Lottery as a result of this contract audit.

### Montana State Lottery - Report on Cash Drawings (98C-04)

This report contains the results of the observation of the Montana State Lottery cash drawings for the year ending June 30, 1998. There are no audit recommendations directed to the Lottery as a result of this contract report.

### Montana Employee Benefit Plan (98C-07A)

Segal and Company performed the work and prepared this report under contract with the Legislative Auditor's Office. The Company analyzed and evaluated claim processing and payment procedures for the period from March 1, 1996, through December 31, 1997. The report contains descriptions of the results of the work performed. The report contains recommendations in the following areas: deductible policy, refunds, plan maximums, medical review before denial, and transplant edits.

To Meet in December...The next Legislative Audit Committee Meeting is tentatively scheduled for December 17 and 18 in Room 104 of the Capitol.

## FIFTY-SIXTH LEGISLATURE LEADERSHIP

Legislative Leaders Chosen...The 56th Legislature held its caucus meetings on Saturday, November 14 at the State Capitol. During the caucuses, legislative leaders were chosen for each political party in each legislative house. The following members were elected to leadership positions:

### SENATE

President: Bruce Crippen (R)  
President pro tem: Tom Beck (R)  
Majority Leader: John Harp (R)  
Majority Whip: Fred Thomas (R) and Don Hargrove (R)  
Minority Leader: Steve Doherty (D)  
Minority Whip: Linda Nelson (D)

### HOUSE

Speaker: John Mercer (R)  
Speaker pro tem: Doug Mood (R)  
Majority Leader: Larry Hal Grinde (R)  
Majority Whip: Karl Ohs (R) and Paul Sliter (R)  
Minority Leader: Emily Swanson (D)  
Minority Whip: Dan Harrington (D)

House and Senate Officials Named...The House and Senate also appointed their chief administrative officials. In the Senate, Rosana Skelton was named Secretary and Chuckie Cramer was named Sergeant-at-arms. In the House, Marilyn Miller was named Chief Clerk and Nancy Meuli was named Sergeant-at-arms.

## FIFTY-SIXTH LEGISLATURE COMMITTEE ASSIGNMENTS

### HOUSE COMMITTEES

#### Agriculture

Joe Barnett, Chair (R)	John Holden, V-Chair (R)
John Johnson V-Chair (D)	Darrel Adams (R)
Paul Clark (D)	Rick Dale (R)
Bill Eggers (D)	Kathleen Galvin-Halcro (D)
Mary Anne Guggenheim (D)	Don Hedges (R)
Verdell Jackson (R)	Rick Jore (R)
Monica Lindeen (D)	Gay Ann Masolo (R)
Sam Rose (R)	Brennan Ryan (D)

Frank Smith (D)  
Bill Thomas (R)

Bob Story (R)  
Ravalli County (vacant) (R)

### Appropriations

Tom Zook, Chair (R)  
Joe Quilici, V-Chair (D)  
Beverly Barnhart (D)  
Rosie Buzzas (D)  
Stan Fisher (R)  
Royal Johnson (R)  
Matt McCann (D)  
Ray Peck (D)  
Joe Tropila (D)

Steve Vick, V-Chair (R)  
Peggy Arnott (R)  
Ernest Bergsagel (R)  
John Cobb (R)  
Dick Haines (R)  
Betty Lou Kasten (R)  
Red Menahan (D)  
Lila Taylor (R)  
John Witt (R)

### Appropriations Subcommittees

#### Education

Royal Johnson, Chair (R)  
Peggy Arnott (R)  
Rosie Buzzas (D)

#### General Government

Lila Taylor, Chair (R)  
Ray Peck, (D)  
Joe Quilici (D)

#### Human Services and Aging

Betty Lou Kasten, chair (R)  
Beverly Barnhart (D)  
John Cobb (R)

#### Institutions

Steve Vick, Chair (R)  
Stan Fisher (R)  
Red Menahan (D)

#### Long-Range Planning

Ernest Bergsagel, Chair (R)  
Matt McCann (D)  
Tom Zook (R)

#### Natural Resources

John Witt, Chair (R)  
Dick Haines (R)  
Joe Tropila (D)

### Business and Labor

Bruce Simon, Chair (R)  
Bob Pavlovich, V-Chair (D)  
Rod Bitney (R)  
Roy Brown (R)  
Carol Juneau (D)  
Bob Lawson (R)  
Gary Matthews (D)  
Carolyn Squires (D)  
Carley Tuss (D)

Paul Sliter, V-Chair (R)  
Joe Barnett (R)  
Sylvia Bookout-Reincke (R)  
David Ewer (D)  
Billie Krenzler (D)  
Gay Ann Masolo (R)  
Joe McKenney (R)  
Jay Stovall (R)  
Ravalli County (vacant) (R)

### Education

Gay Ann Masolo, Chair (R)  
Linda McCulloch, V-Chair (D)  
Tom Facey (D)

Bob Lawson, V-Chair (R)  
Joan Anderson (R)  
Dan Fuchs (R)

Kathleen Galvin-Halcro (D)  
 John Holden (R)  
 Monica Lindeen (D)  
 Joe McKenney (R)  
 Bill Rehbein (R)  
 Allan Walters (R)

Kim Gillan (D)  
 Sam Kitzenberg (R)  
 Jeff Mangan (D)  
 Mark Noennig (R)  
 Sam Rose (R)  
 Diana Wyatt (D)

### Ethics

Roger Somerville, Chair (R)  
 Chris Ahner (R)  
 John Johnson (D)  
 Joe McKenney (R)

Tom Dell, V-Chair (D)  
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 Bob Lawson (R)  
 Frank Smith (D)

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 Ron Erickson (D)  
 Gail Gutsche (D)  
 Hal Harper (D)  
 Joe McKenney (R)  
 Bob Pavlovich (D)  
 Bill Rehbein (R)  
 Roger Somerville (R)

Dan Fuchs, V-Chair (R)  
 Shiell Anderson (R)  
 Bob Davies (R)  
 Tom Facey (D)  
 Marian Hanson (R)  
 Chase Hibbard (R)  
 Brad Molnar (R)  
 Bob Raney (D)  
 Jim Shockley (R)  
 Allan Walters (R)

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 Toni Hagener (D)  
 Verdell Jackson (R)  
 Brad Molnar (R)  
 Jim Shockley (R)  
 Bill Thomas (R)

Roy Brown, V-Chair (R)  
 Chris Ahner (R)  
 Bob Davies (R)  
 Mary Anne Guggenheim (D)  
 Chase Hibbard (R)  
 Billie Krenzler (D)  
 Trudi Schmidt (D)  
 Bruce Simon (R)  
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 Tom Facey (D)  
 Gail Gutsche (D)  
 Rick Jore (R)  
 Brad Molnar (R)

Dan McGee, V-Chair (R)  
 Chris Ahner (R)  
 Paul Clark (D)  
 Bill Eggers (D)  
 Steve Gallus (D)  
 Joan Hurdle (D)  
 Sam Kitzenberg (R)  
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Joe Tropila (D)

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Sam Kitzenberg (R)  
Jay Stovall (R)

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Edith Clark (R)  
Steve Gallus (D)  
Sam Kitzenberg (R)  
Jeff Mangan (D)  
Scott Orr (R)  
Carley Tuss (D)

Rod Bitney, V-Chair (R)  
Joan Anderson (R)  
Roy Brown (R)  
Tom Dell (D)  
Toni Hagener (D)  
Bob Lawson (R)  
Mark Noennig (R)  
Trudi Schmidt (D)  
Cindy Younkin (R)

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Aubyn Curtiss (R)  
Bill Eggers (D)  
David Ewer (D)  
Joan Hurdle (D)  
Doug Mood (R)  
Scott Orr (R)  
Bob Story (R)  
Carley Tuss (D)

Cindy Younkin, V-Chair (R)  
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Rick Dale (R)  
Ron Erickson (D)  
Gail Gutsche (D)  
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Marian Hanson (R)  
Dan Harrington (D)  
Linda McCulloch (D)  
Karl Ohs (R)  
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Carley Tuss (D)

Doug Mood (R)  
Emily Swanson (D)

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Tom Dell (D)  
Don Hedges (R)  
Jeff Mangan (D)  
Brennan Ryan (D)  
Bill Tash (R)  
Doug Wagner (R)

Allan Walters, V-Chair (R)  
Darrel Adams (R)  
Edith Clark (R)  
George Golie (D)  
Monica Lindeen (D)  
Doug Mood (R)  
Frank Smith (D)  
Bill Thomas (R)

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Dan McGee (R)  
Loren Soft (R)

Jay Stovall, V-Chair (R)  
Matt Brainard (R)  
Gary Matthews (D)  
Karl Ohs (R)  
Carol Williams (D)

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Ron Erickson (D)  
Mary Anne Guggenheim (D)  
Hal Harper (D)  
John Holden (R)  
Scott Orr (R)  
Bill Rehbein (R)  
Trudi Schmidt (D)

Bob Story, V-Chair (R)  
Gary Beck (D)  
Bob Davies (R)  
Dan Fuchs (R)  
Marian Hanson (R)  
Dan Harrington (D)  
Verdell Jackson (R)  
Bob Raney (D)  
Sam Rose (R)  
Roger Somerville (R)

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George Golie (D)  
Don Hedges (R)  
Gary Matthews (D)  
Roger Somerville (R)

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Darrel Adams (R)  
Sylvia Bookout-Reinicke (R)  
Bob Clark (R)  
Steve Gallus (D)  
Marian Hanson (R)  
Carol Juneau (D)  
Frank Smith (D)  
Ravalli County (vacant) (R)

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Walt McNutt, V-Chair (R)  
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Pete Ekegren (R)  
Ric Holden (R)  
Ken Mesaros (R)  
Jon Tester (D)

Mike Halligan (D)  
Greg Jergeson (D)  
Linda Nelson (D)

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Arnie Mohl (R)

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Daryl Toews (R)

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Eve Franklin (D)  
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Dale Mahlum (R)  
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Glenn Roush (D)

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Dale Mahlum, V-Chair (R)

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Dale Berry (R)

Chris Christiaens (D)

Dorothy Eck (D)

Duane Grimes (R)

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Mike Halligan (D)

Linda Nelson (D)

Mike Taylor (R)

Bruce Crippen, V-Chair (R)

Vicki Cocchiarella (D)

Lorents Grosfield (R)

Don Hargrove (R)

Chuck Swysgood (R)

Fred Thomas (R)

Select Committee on Jobs and Income

Bob DePratu, Chair (R)

Mike Taylor (R)

Mignon Waterman (D)

Lorents Grosfield (R)

Jon Tester (D)

State Administration

Mack Cole, Chair (R)  
Jon Tester (D)  
Bill Wilson (D)

Don Hargrove, V-Chair (R)  
Jack Wells (R)

#### Taxation

Gerry Devlin, Chair (R)  
John Bohlinger (R)  
Pete Ekegren (R)  
Alvin Ellis, Jr. (R)  
Bill Glaser (R)

Bob DePratu, V-Chair (R)  
Dorothy Eck (D)  
Jon Ellingson (D)  
Eve Franklin (D)  
Spook Stang (D)

## SELECT COMMITTEE ON JOBS AND INCOME

Committee Holds Organizational Meeting...The Joint Select Committee on Jobs and Income met on Monday, November 23 at the Capitol in Helena. Primarily an organizational meeting, the Committee focused on purpose and process and heard an overview of the Governor's blueprint for economic development initiative entitled, appropriately enough, "Jobs and Income".

The overview of the "Jobs and Income" initiative developed into a much deeper examination of the proposal by the Committee. For nearly 7 hours, the Committee questioned representatives of the administration, including: Mr. Mick Robinson, the Governor's Policy Director; Mr. Andy Poole, Deputy Director, Department of Commerce; Mr. Ralph Peck, Director, Department of Agriculture; and Mr. John Tubbs, Department of Natural Resources and Conservation. Each of these gentlemen provided additional information to the Committee on matters ranging from reductions in business equipment taxes to business recruitment/marketing to value-added enterprise to appropriation requests in the Governor's budget request to bonding for water projects -- and then some!

Goal to Complete Work By January...As the Committee continues its work, the "Jobs and Income" initiative will be examined in much greater detail. One of the Committee's goals is to have its work completed and legislation prepared for early consideration by the 56th Legislature. In pursuit of that goal, the next meeting of the Committee is scheduled for Monday, November 30 at 9:30 a.m. in the Capitol in Helena. The Committee will continue its work on Tuesday, December 1 at 8:30 a.m. in the Capitol in Helena.

A subsequent 2-day meeting is also scheduled for December 7 and 8 at the Capitol in Helena. The meetings will begin at 9:30 a.m. on Monday, 12/7 and at 8:30 a.m. on Tuesday, 12/8.

Further information about the Select Committee on Jobs and Income may be obtained

by contacting Dave Bohyer or Gordy Higgins, Legislative Services Division, (406)444-3064.

## REVENUE OVERSIGHT COMMITTEE

Committee Adopts Preliminary Revenue Estimates...The Revenue Oversight Committee is charged with developing an estimate of the amount of revenue available for appropriation during the ensuing legislative session. The Committee's estimate is the official estimate of the Legislature until amended or adopted by both houses of the Legislature. At its November 13, meeting, the Committee adopted general fund revenue estimates, by source of revenue, as well as revenue estimates for certain nongeneral fund sources. This marked the culmination of a long and difficult process that the Committee undertook to improve the revenue estimating process. The Committee worked with legislative and executive branch staff to fully understand the implications of adopting one recommendation over another.

Dr. Paul Polzin, Director, Bureau of Business and Economic Research, University of Montana, and Dr. Myles Watts, Chairman, Department of Agricultural Economics, Montana State University, presented cautiously optimistic assessments of general economic conditions in the Montana and the agricultural sector. Polzin told the Committee that the state's economy should grow, in real terms, by 2% a year over the next few years. The state's economic growth will be stronger than the national average but less than the growth in other states in the region. The downside to this assessment is that there is a 35% chance of a national recession. Watts said that the agricultural outlook is not so grim as newspaper headlines might indicate. Drought in the Southwest earlier this year led to a glut in the cattle market. Unless similar conditions are manifest next year, the cattle market should rebound. Falling consumption of meat in the United States may be offset by international demand. In addition, the soft wheat market has been partially compensated by federal farm payments.

With this information in mind, the Committee considered recommendations presented by the Legislative Fiscal Division and the Department of Revenue. The Committee focused its attention on the major revenue sources: individual income taxes, statewide property taxes, investment earnings, and corporation income taxes. These sources account for a little over 80% of total general fund revenue. The Committee also considered other sources of revenue in which there were significant differences in the estimates recommended by the respective agencies. Without providing a blow-by-blow description on each recommendation, the Committee ultimately adopted the following amounts for the general fund: FY 1999--\$1.035 billion; FY 2000--\$1.083 billion; and FY 2001--\$1.089 billion. The figure for FY 2000 includes an estimated \$30 million in capital gains taxes resulting from the sale of electric generation assets by Montana Power Company, et al, to Pennsylvania Power & Light--Global.

Although executive branch agencies are supposed to use the Legislature's

revenue estimates and the underlying assumptions used to derive those estimates, it is unclear whether the Governor will use those estimates in formulating his budget recommendations. The initial recommendations presented by the Department of Revenue were about \$26 million higher than those of the Legislative Fiscal Division. While that difference is "chump change" relative to a 3-year estimate of \$3.2 billion, it does have an effect on spending proposals and on the ending general fund balance. The Committee's recommendations will be introduced as a House Joint Resolution.

Committee Gives Final Approval to Draft Bills...The Committee approved several bill drafts for consideration by the 56th Legislature. The Committee will present two proposals to revise the taxation of electric utilities. The first proposal would reduce the property tax rate on centrally assessed electric utility property from 12% to 6%, impose a kilowatt hour tax on the final consumption of electricity, and increase the electrical energy producers' license tax by 0.6 mills. The kilowatt hour tax and the higher electrical energy tax will be used to replace lost property tax revenue. The second proposal would equalize the taxation of electrical transmission and distribution property, whether owned by a utility or rural electric cooperative; reduce the property tax rate on electrical generation property to 6%; and impose a wholesale electrical transmission tax to replace property tax revenue lost by reducing the tax rate on generation property.

The Committee will also present a proposal to revise the taxation of telecommunications. That proposal would also reduce the tax on centrally assessed telecommunications property from 12% to 6% and reduce the tax rate on independent telephone companies from 6% to 3%. The telephone license tax would be repealed. A telecommunications excise tax would be imposed on the retail sales of two-way telecommunications services, including interstate calls. The new revenue would be used to replace lost property tax revenue as well as replace revenue from the telephone license tax.

Finally, the Committee will recommend that intangible personal property be exempt from property taxation. Current law provides that all intangible personal property is subject to tax. A legislative audit disclosed that the Department of Revenue was not assessing intangible personal property for property tax purposes, except intangible property held by centrally assessed companies. Because most of this type of property was not taxed anyway, the fiscal impact will be limited to centrally assessed property.

## ENVIRONMENTAL QUALITY COUNCIL

EQC to Meet in December...The Environmental Quality Council (EQC) will meet on Friday, December 4 in Helena. EQC agenda items include an update from the Department of Environmental Quality on its enforcement legislation and its MEPA guidelines, an update from the Department of Natural Resources and Conservation on its MEPA legislation, a discussion on CI-75 and MEPA environmental review fees, final



adoption of the EQC's growth subcommittee recommendations, and an evaluation of EQC's interim. The EQC subcommittee activities are set out below.

Montana Growth Issues...The EQC adopted tentative findings and recommendations for the draft report "Planning for Growth in Montana" on October 30. Tentative recommendations for action by the Legislature include:

- ▶ Changing the term "master plan" to "growth policy" and establish a minimum standard for growth policies that are adopted by local governments.
- ▶ Authorizing the adoption of neighborhood plans as amendments to growth policies.
- ▶ Authorizing local governments that have adopted growth policies and zoning regulations that address certain criteria to waive review of those criteria under the Subdivision and Platting Act in specific geographic areas.
- ▶ Amending state law to reduce barriers to changing municipal zoning regulations while still protecting the neighbors' ability to protest.
- ▶ Appropriating additional state funds to local governments for the development of growth policies (master plans).
- ▶ Authorizing additional funding authority for local governments that can be used to develop growth policies.
- ▶ Appropriating funds for the Cadastral Mapping Project to develop a geo-code identified database of parcels that can be linked to land use data.
- ▶ Continuing to fund metadata coordination and clearinghouse functions provided by the Natural Resources Information System (NRIS) of the State Library.
- ▶ Authorizing counties to pay for some of the costs of infrastructure within cities and towns in order to encourage growth in and around urban areas.

Recommendations for action by the EQC during the 1999-2000 interim were also made. These recommendations include:

- ▶ Educating citizens about the benefits of planning and the costs of not planning as well as the difference between planning, zoning and

subdivision review.

- Evaluating and making recommendations regarding the exemption from subdivision review for family conveyance, the cumulative effects of minor subdivisions, the citizen petition zoning statute, and park dedication requirements and other ways to pay for local parks.

Other recommendations encourage coordination between local governments in planning for growth and also coordination of GIS activities.

The EQC will make a final decision on recommendations and legislation on December 4.

For additional information about growth issues, please contact Mary Vandebosch by phone at 444-3742 or e-mail at <mvandebosch@state.mt.us>.

Water Policy...The Council's Water Policy Subcommittee held its last meeting on October 29 in Helena. The Subcommittee finalized its recommendations related to instream flow leasing, general water policy, and water quality assessment/TMDL development. The Subcommittee also approved finalization of its three corresponding reports, as well as endorsed the proposed ground water chapter of the State Water Plan (being prepared by a multi-party working group, facilitated by DNRC staff). All reports and recommendations were adopted by the EQC on October 30. Copies of the Subcommittee's reports are available by request from the EQC office. Contact Kathleen Williams (444-3742) for more information.

For more information about EQC activities, please contact the EQC staff at 444-3742 or via the Internet at <teverts@state.mt.us>.

## COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS

CPERS Holds Final Meeting...The Committee on Public Employees Retirement Systems (CPERS) conducted its final meeting of the interim on November 13, completing 18 months of work to replace or modify the Public Employees' Retirement System (PERS), as directed by the 54th Legislature in House Bill No. 90.

CPERS Requests Legislation...To fulfill the requirements of House Bill No. 90 for increased portability and flexibility and to allow PERS members to self-direct investment of retirement account money, CPERS is requesting legislation (LC 282) that will create a new Defined Contribution (DC) retirement plan as an optional plan for current and future PERS members. The current PERS is a Defined Benefit (DB) plan.

Under the current DB plan, contributions are pooled and invested by the Montana

Board of Investments. The DB plan provides PERS members with a certain specified benefit in retirement, the amount of which is determined by a formula based on the member's years of service and final average salary. The DC plan, on the other hand, will allocate contributions to individual retirement accounts. A 401(k) plan, which is available in the private sector but not in the public sector, and deferred compensation plans are DC plan types. In the PERS DC plan under LC 282, a menu of investment alternatives will be provided and the member may self-direct how the money in the member's retirement account is invested. A DC plan member's benefit in retirement will depend on the value of the member's account balance at retirement.

The major provisions of LC 282 as requested by CPERS include the following:

- ▶ The Public Employees' Retirement Board will contract for administration of the DC plan and will determine the investment options from which DC plan members may choose.
- ▶ The process for converting current data bases, reporting processes, and information management systems to accommodate the DC plan and for contracting for plan administration is expected to take at least 18 months. LC 282 provides that the DC plan will become effective upon certification from the Board that the plan is ready to become operational, but the effective date may be no later than July 1, 2002. LC 282 includes a \$2.93 million general fund appropriation to pay for initial start-up costs for the plan; \$2.43 million is to be paid back from the DC plan after it has been established. DC plan administrative costs will be paid through administrative fees on DC plan member accounts.
- ▶ Employer and employee contributions will not be changed. The employer and employee will each contribute 6.9% of compensation (effective 7/1/99).
- ▶ Employer contributions actually allocated to DC plan member retirement accounts will be 4.49% of compensation; 2.37% of compensation will be allocated to the DB plan trust fund as a "plan choice rate" to pay the employer's obligation for past unfunded liabilities and to compensate the trust fund for the increase in the normal cost of DB plan benefits that will result from PERS members electing to move into the DC plan.
- ▶ A portion of the employer contributions (0.04% of compensation) for DB plan members and DC plan members will be allocated to an educational fund to provide for member educational programs.
- ▶ DC plan members will not be vested with the employer contributions and investment income earned until they have been working at least 5 years. DC plan members who terminate employment prior to completing 5 years of service will have to terminate plan membership

and either withdraw the money in their retirement accounts (forfeiting the employer contributions and investment earnings) or roll the money into another qualified plan or to an Individual Retirement Account.

- ▶ University System employees who are in PERS-covered positions will be able to elect to join the Optional Retirement Program (ORP), which is a DC-type of plan under the Board of Regents and administered by contract with TIAA-CREF. The ORP is currently available only to faculty and administrators at the universities.
- ▶ When a DC plan member is ready to retire, the member may transfer the member's account balance back into the DB plan trust fund and have that account balance converted to a defined benefit (life-time annuity). Or, the DC plan member may choose to withdraw the member's account balance, roll it over, transfer it, or take a distribution option offered through a private administrator of the DC plan.
- ▶ DC plan members with at least 5 years of service will be able to take a loan from their retirement account of up to  $\frac{1}{2}$  of their account balance, or \$50,000, whichever is less. The loan must be paid back with interest within 5 years.

For more information on CPERS or LC 282, contact Sheri Heffelfinger at 444-3064 or by e-mail at <[sheffelfinger@state.mt.us](mailto:sheffelfinger@state.mt.us)>.

## THE BACK PAGE

One of the many challenges facing researchers today is how best to use the vast resources available on the Internet in an efficient and effective manner. A person could spend hours "surfing the Net" in an attempt to find certain information only to fail in the attempt. If the desired information is located, the researcher must then evaluate its quality and determine the credibility of the information's source. So while the Internet presents tremendous opportunities for research, it also can pose significant challenges in accessing quality information.

This month's **THE BACK PAGE** focuses on the use of the Internet as a research tool and the challenges it presents.

### NAVIGATING THE INFORMATION SEA

by Elizabeth Furbush, Legislative Librarian  
Legislative Services Division

*"Information is the heart of good public policy."*

John Bragg, Deputy Speaker  
Tennessee House of Representatives

### INTRODUCTION

A legislator's job involves taking the needs and concerns of constituents and translating them into effective policy proposals. Finding ways to implement these proposals often requires researching a variety of specific questions, gathering facts about the actual extent of a problem, clarifying federal requirements, determining how well a program may be working in another state, or investigating how past initiatives in Montana have been carried out.

These are the sorts of questions frequently directed to the researchers and analysts in the Legislative Branch as they work on bill drafts or help legislators in considering the implications of a bill. In recent years, researchers, including legislators, have faced a significant increase in the volume of raw data that is available. The network of computer networks called the Internet, proprietary databases, electronic mailing list discussions, and internal computer databases all open wonderful avenues to rich resources, but they also expose a vast array of minimally organized data packets that can mislead and overwhelm. Data overload is a very real phenomenon throughout today's society, including legislative offices. To make sense of data, we need ways to organize it as information and process it into a useful knowledge resource.

The following narrative discusses some current challenges in information acquisition and management from the perspective of the Montana Legislative Library, focusing on the use of the Internet as a research tool. These challenges include efficiently locating relevant information, filtering out material of questionable quality, and effectively managing the information that has been acquired. This review of issues in today's information scene will describe some of the tools presently used by legislative staff to locate requested information along with the potential and limitations of these tools. It should become clearer why "it's on the Internet" is a very imprecise locator, and why the often-heard phrase "available at a few clicks of your mouse" can be misleading.

### LOCATING THE PEARLS

Much public policy information is now accessible through the Internet at government, university, and nonprofit association sites, among others. The companies that provide Internet search engines are rapidly improving their tools for sifting through the mass of material to find useful information. These keyword search mechanisms are helpful with questions that can be narrowed to a specific topic or phrase. Larger, popular search engines include AltaVista, HotBot, Infoseek, and Excite; interesting alternatives are offered by Ask Jeeves and Northern Light. Ask Jeeves uses an automatic concept matching system to provide the user with answers to naturally phrased questions. AltaVista has recently begun offering a similar answering function in addition to its standard search engine. Northern Light sorts search results into custom folders by type of resource and includes citations to magazine articles from a special collection that can be purchased for a small fee.

Internet researchers need to be aware that search engines do not cover the totality of web resources but only a somewhat shallow selection retrieved through automated methods. Even the larger engines only look through about 1/3 of the pages on the web and usually only the first few pages of any site. They are unable to check items in certain formats such as Adobe Acrobat (.pdf), WordPerfect (.wpd) or Word (.doc). Comparisons of results of identical searches run on different engines find that there is little duplication, so each is missing items others have found. Search results from these services are often useful, but cannot be considered comprehensive.

Subject directories that copy the functionality of library catalogs offer a way to begin a broad search. Examples are Yahoo and LookSmart. Each subject index has its own rules for the selection and organization of materials. An index such as Yahoo includes virtually all sites that send information to it, presently around 730,000. Others such as Lycos Top 5% ( $\pm 10,500$  sites) and Magellan ( $\pm 40,000$  sites) try to include only sites that have been assessed as having some value.

The user of these large, general subject directories must start by guessing the topic under which a subject is classified. A more targeted approach involves using a

subject directory in a specific area, such as the legal resources indexed by Findlaw or CataLaw. Broader but still highly selective indexes include the Argus Clearinghouse, the Librarians' Guide to the Internet, and the WWW Virtual Library. The Online Computer Library Center (OCLC) is working on a catalog called NetFirst that provides traditional library catalog records holding descriptive data about good web sites. Once the researcher has found a relevant resource through any of these subject methods, links will be available to additional sites on the topic. Some time may be wasted wandering from link to link, but often a useful, content-filled resource will be found.

Cooperative work is also under way to find ways to improve the accuracy and utility of searches through the adoption of standard protocols for descriptors assigned to sites and files on the web. A series of international workshops attended by librarians, digital library researchers, content experts, and text-markup experts has resulted in agreement on a standard set of information to be included in the "metadata", as the set of descriptors to be assigned to electronic records is coming to be called. Metadata functions in the same way as a library catalog record to identify and describe an information source, but the elements are being defined to allow the creator of a site to assign descriptors with some consistency. Metadata has been used with good success especially in tagging records for geographic data.

The set of descriptors that is gaining general acceptance is known as the Dublin Core, named after the Dublin Metadata Workshop held in Dublin, Ohio, in March of 1995. The Dublin Core includes fifteen descriptors: title, author, subject, description, publisher, other contributor, date, resource type, format, resource identifier, source, language, relation, coverage and rights management (copyright). Where it has been assigned, metadata is helpful to the searcher, but the creation of the metadata depends on the originator of the record and quality will vary with the ability and commitment of the site owner.

Given the current limitations of all these approaches, researchers usually prefer to start their searches with web sites of known reliability. Sites frequently used for locating legislative materials include GPO Access from the U.S. Government Printing Office, FindLaw, the National Conference of State Legislatures (NCSL) site, the Council of State Governments (CSG) site, and other federal, state and subject area sites. The Legislative Branch also subscribes to commercial databases such as the Electric Library (general library reference material), EbscoHost (periodical indexing and full text articles), and PolicyFile (an effort along the lines of NetFirst but without full library descriptors and restricted to the public policy area). The Legislative Library also uses the Special Collection on Northern Light and the large legal databases provided by Westlaw and Lexis. These sites cost a little money but offer preselection of quality resources and targeted indexing along with access to commercially published materials with valuable research resources and verifiable quality.



## QUALITY CONCERNS

Because any web search has limitations and because tools for screening for quality vary in their effectiveness, successful Internet searching remains something of an art with results subject to substantiation. The accuracy, authority, objectivity, currency, completeness, and appropriateness of content of information found on the Internet all must be verified. Site managers can far too easily make a marginal web page appear to be impressive or an unreliable site rank inappropriately highly in search results. The subject indexes offer some help but vary widely in how discriminating they are in evaluating the sites to be included in their indexes. The researcher must still independently assess the validity of material retrieved. Purchasing standard reference sources for frequently used material remains worthwhile in the quest for useful, reliable answers.

More and more search engines offer screening options that can prevent retrieval of material containing objectionable sexual content, a service that is especially helpful to families. This screening still doesn't ensure quality of information and needs to be used with great care by researchers to avoid filtering out useful information. Some sites, such as Excite, WebCrawler, or Lycos, offer reviews of some of the web sites retrieved in a search, allowing better decisions as to which sites are actually worth visiting. However, Excite will rank sites highly in search results if they have a review, whether the review is positive or negative.

Despite these aids, it remains the task of the researcher to verify the reliability of any source of information retrieved from the Internet. When information is identified as having been found "on the Net," it is wise to be sure that the credibility of the source has been checked and that a source more specific than "the Net" can be cited.

## INFORMATION MANAGEMENT

Information obtained through the Internet and from other electronic and paper sources joins existing resources in a knowledge base of reference materials. All of us face the challenge of keeping the data we use in enough order to be able to find answers when we need them. Some of us are pack rats with a tendency to keep everything; others tend to delete all they can. Both tendencies can lead to problems: pack rats may have so much unorganized material that they can't find anything quickly, and deleters will find that the item they got rid of yesterday is just what they need to see today.

Formulating and referring to general principles for identifying, acquiring, organizing, storing, and retrieving information can help in determining the best way to handle a new information product. A set of guidelines as to what materials are appropriately added to a collection (known in library lingo as a "collection management policy") can be a wonderful aid in making quick decisions. A further decision is needed for items readily available electronically as to whether the actual document should be obtained



or only a pointer to its location kept.

Once the acquisition decision has been made, the item will be far more useful if descriptive information is added to allow retrieval by those who need to find it. The Legislative Library uses several types of storage and description depending on the importance of the resource, its format, and the length of time it is expected to be needed. A traditional book catalog is maintained by Library staff for resources of lasting importance as well as a periodical index, a memo index, a newspaper clip index and a web site database.

### HOW THE LIBRARY CAN HELP

For those with questions on Montana public policy issues, the most important thing to know is where to ask for information. Questions regarding the location of resources are frequently referred to the Legislative Library. For legislators and legislative staff, we obtain materials from many sources, including other state agencies, other states, NCSL, CSG, the federal government, other libraries, and from the Internet. The Library is also a good place to start with a question on past legislative work in Montana, although questions about the history of the legislature or past legislators are usually referred to the Historical Society Library. Legislative Library staff can answer many basic questions from materials held in the Capitol. If the question involves policy analysis rather than procurement of resources, it will be entered into the office Information Request System and referred to the appropriate staff expert.

Services that the Library provides to assist legislators in tracking issues include the production of monthly lists of new materials, books, magazine articles, and Montana newspaper clippings as well as an informal service to alert legislators of new materials on topics of interest. Call the Library at 444-3064 for more information about any of these services.

Trips on the information sea can be overwhelming, but with a few guidelines the ride should be exciting and rewarding. I hope that the preceding discussion gives some ideas about navigation, or at least the reassurance that legislative staff will do their best to find accurate, authoritative and timely information to respond to legislative questions.



## INTERIM CALENDAR

UNLESS OTHERWISE SPECIFIED,  
ALL ROOM DESIGNATIONS ARE IN THE CAPITOL

### DECEMBER

December 1, Select Committee on Jobs and Income, 8:30 a.m.

December 4, Environmental Quality Council, Room 104

December 5, Deadline for bill draft requests not counting toward limit, 5 p.m.

December 7, Select Committee on Jobs and Income, 9:30 a.m.

December 8, Select Committee on Jobs and Income, 8:30 a.m.

December 17-18, Legislative Audit Committee, Room 104

December 18, House Rules Committee, Room 325, 9 a.m.

December 18, Joint Rules Committee, Room 325, 10 a.m.

December 18, Senate Rules Committee, Room 325, on adjournment of Joint Rules  
Committee

December 25, Christmas, legal holiday





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